

BILL ANALYSIS

Senate Research Center

H.B. 966
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Chapter 1551, Insurance Code, establishes the Texas Employees Group Benefits Act, which provides insurance coverage including health benefits for state employees and their dependents. An effective way to combat the increasing cost of health insurance is to offer employees a consumer-directed health plan that would combine a high deductible health plan and a health savings account.

H.B. 966 gives the Texas Employees Retirement System the authority to create a consumer-directed health plan for eligible individuals. Employees would still have the option of a traditional health plan and the option of a high-deductible plan will not adversely affect the traditional plan.

H.B. 966 provides state employees another option for healthcare coverage.

H.B. 966 amends current law relating to the creation of an optional consumer-directed health plan for certain individuals eligible to participate in the group benefits program provided under the Texas Employees Group Benefits Act and their qualified dependents.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System of Texas in SECTION 1 (Section 1551.452, 1551.454 and 1551.458, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 1551, Insurance Code, by adding Subchapter J, as follows:

SUBCHAPTER J. STATE CONSUMER-DIRECTED HEALTH PLAN

Sec. 1551.451. DEFINITIONS. Defines "high deductible health plan," "plan enrollee," and "qualified medical expense."

Sec. 1551.452. ESTABLISHMENT OF STATE CONSUMER-DIRECTED HEALTH PLAN. (a) Provides that the state consumer-directed health plan is established for the benefit of individuals eligible to participate in the group benefits program (relating to the state employees group benefits program provided under this chapter) and those individuals' eligible dependents.

(b) Authorizes the board of trustees of the Employees Retirement System of Texas (board of trustees) to adopt rules necessary to administer this subchapter. Requires the board of trustees in implementing this subchapter to:

(1) establish health savings accounts under this subchapter and administer or select an administrator in accordance with Section 1551.453 for the accounts.

(2) finance a self-funded high deductible health plan that is an integral part of the state consumer-directed health plan and provides health benefit coverage, including preventive health care, to a plan enrollee in the state consumer-directed health plan and to the dependents of a plan enrollee in accordance with Section 1551.455; and

(3) provide to individuals eligible to participate in the group benefits program information regarding the operation of and option to participate in the state consumer-directed health plan established under this subchapter.

(c) Requires the board of trustees, in adopting rules and administering health savings accounts or selecting administrators for health savings accounts under this subchapter, to ensure that the health savings accounts are qualified for appropriate federal tax exemptions.

Sec. 1551.453. ACCOUNT ADMINISTRATOR. (a) Requires the account administrator selected to administer a health savings account established under this subchapter to be a person:

(1) qualified to serve as trustee under Section 223(d)(1)(B), Internal Revenue Code of 1986, and the rules adopted under that section; and

(2) experienced in administering health savings accounts or other similar trust accounts.

(b) Provides that an account administrator is the fiduciary of a plan enrollee who has a health savings account established under this subchapter.

Sec. 1551.454. PARTICIPATION IN PROGRAM. (a) Authorizes each individual eligible to participate in the basic coverage to choose instead to participate in the state consumer-directed health plan if the plan enrollee is an eligible individual under Section 223(c)(1), Internal Revenue Code of 1986. Authorizes the dependents of a plan enrollee to participate in the state consumer-directed health plan in accordance with Section 1551.455.

(b) Provides that participation in the state consumer-directed health plan qualifies a plan enrollee to receive a contribution to a health savings account under Section 1551.456. Provides that an individual who elects not to participate in the plan is not eligible to receive a contribution under that section.

(c) Provides that under this section, the board of trustees has exclusive authority to determine an individual's eligibility to participate in the state consumer-directed health plan and may adopt rules regarding eligibility to participate in the plan.

Sec. 1551.455. COVERAGE FOR DEPENDENTS; REQUIRED CONTRIBUTIONS. (a) Authorizes a plan enrollee to obtain for the enrollee's dependents coverage in the state consumer-directed health plan in the manner determined by the board of trustees.

(b) Requires the plan enrollee, if the plan enrollee elects to obtain dependent coverage under Subsection (a), to pay any required contribution for the dependent coverage in the state consumer-directed health plan in the manner prescribed by the board of trustees.

(c) Authorizes that amounts contributed by a plan enrollee under this section be:

(1) used to pay the cost of coverage in the high deductible health plan not paid by the state under Section 1551.456(b); or

(2) allocated by the board of trustees to an enrollee's health savings account in the manner described by Section 1551.456(c).

Sec. 1551.456. STATE CONTRIBUTION. (a) Requires the state, for each plan enrollee, from the state contribution that would otherwise be made for basic coverage for the enrollee, to contribute annually to a high deductible health plan under this subchapter the amount that is necessary to pay the cost of coverage under the high deductible health plan and does not exceed the amount the state annually contributes for a full-time or part-time employee, as applicable, who is covered by the basic coverage.

(b) Requires the state, for each plan enrollee's dependent covered under this subchapter, from the state contribution that would otherwise be made for basic coverage for the dependent, to contribute annually to the high deductible health plan under this subchapter the same percentage of the cost of coverage under the high deductible health plan as the state annually contributes for dependent coverage in the basic coverage.

(c) Authorizes the board of trustees, before each plan year, to determine the amount of allocation of the state's contribution, if any, to an enrollee's health savings account that would otherwise be made for basic coverage for the enrollee and that remains after payment for coverage under Subsection (a) or (b).

(d) Prohibits the amount of any allocations made, for each calendar year, under Subsection (c) and Section 1551.455(c) (2), in the aggregate, from exceeding the sum of the monthly limitations imposed by federal law for health savings accounts.

Sec. 1551.457. PLAN ENROLLEE CONTRIBUTIONS. (a) Requires each plan enrollee, in accordance with Section 1551.305, to contribute any amount required to cover the selected participation in the high deductible health plan that exceeds the state contribution amount under Section 1551.456.

(b) Authorizes a plan enrollee to contribute any amount allowed under federal law to the enrollee's health savings account in addition to the state contribution under Section 1551.456.

(c) Requires a plan enrollee to make contributions under this section in the manner prescribed by the board of trustees.

Sec. 1551.458. COORDINATION WITH CAFETERIA PLAN. (a) Provides that the board of trustees has exclusive authority to determine the eligibility of a plan enrollee to participate in any flexible spending account that is part of a cafeteria plan offered under this chapter.

(b) Authorizes the board of trustees to adopt rules regarding the eligibility of a plan enrollee to participate in any flexible spending account that is part of a cafeteria plan offered under this chapter.

(c) Prohibits a plan enrollee from participating in any flexible spending account that would disqualify the enrollee's health savings account from favorable tax treatment under federal law.

Sec. 1551.459. EXEMPTION FROM EXECUTION; UNASSIGNABILITY. Provides that a state contribution to a health savings account or a high deductible health plan is exempt from execution and is unassignable in the same manner and to the same extent as an amount described by Section 1551.011 (Exemption from Execution).

SECTION 2. Requires the Employees Retirement System of Texas to develop the state consumer-directed health plan to be implemented under Chapter 1551 (Texas Employee Group Benefits Act), Insurance Code, as amended by this Act, including enrollment requirements, during the state fiscal biennium beginning September 1, 2015, with coverage beginning September 1, 2016.

SECTION 3. Requires the Employees Retirement System of Texas, not later than July 31, 2016, to provide written information to individuals eligible to participate in the state consumer-directed health plan under Chapter 1551, Insurance Code, as amended by this Act, that provides a general description of the requirements for the plan as adopted under Chapter 1551, Insurance Code, as amended by this Act.

SECTION 4. Requires the Employees Retirement System of Texas to develop and implement the health savings account program under Chapter 1551, Insurance Code, as amended by this Act, in a manner that is as revenue neutral as possible.

SECTION 5. Provides that it is the intent of the legislature that in implementing an optional consumer-directed health plan, the Employees Retirement System of Texas may not divide the self-funded risk pool of the state employees group benefits program provided under Chapter 1551, Insurance Code.

SECTION 6. Requires the Employees Retirement System of Texas to conduct a study on the implementation of the consumer-directed health plan administered by the system to determine actuarial impact, premium cost fluctuations, health care utilization rates, the status of the risk pool, and the ages of those who opt into the system. Requires the Employees Retirement System of Texas, not later than January 1, 2020, to submit a report to the governor, the lieutenant governor, the speaker of the house of representatives, and members of the legislature containing the results of the study

SECTION 7. Effective date: September 1, 2015.